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FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

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IN REPLY REFER TO:

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

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FILE

Honorable Alan Cranston
United States Senate
112 Hart Senate Office Building
Washington, D.C. 20510-0501

Dear Senator Cranston:

Thank you for your letter on behalf of Brooks H. Haden, a partner with Hotelco located in Mill Valley, California, regarding the Commission's billed party preference proposal. Billed party preference is the term used to describe a proposal to change the way local telephone companies handle certain operator service calls.

Currently, if a caller places a "0+" operator services call (that is, the caller dials "0" and then a long-distance telephone number, without first dialing a carrier access code, such as 10-ATT), the call is carried by the operator services provider presubscribed to the telephone line from which the call originated. The presubscribed carrier for public payphones is chosen by the payphone owner or the owner of the premises on which the payphone is located. Operator service providers compete for payphone presubscription contracts by offering significant commissions to premises owners on long-distance traffic and then including those commission costs in their own rates to consumers.

In April 1992, the Commission adopted a Notice of Proposed Rulemaking to consider whether the current presubscription system should be replaced by a billed party preference methodology. Under billed party preference, all 0+ calls would be handled automatically by the carrier predesignated by the party paying for the call. For example, a credit card call would be handled by the carrier that issued the card. A collect call would be handled by the carrier presubscribed to the called line.

Because billed party preference would replace the current presubscription system for operator services calls, operator service providers would no longer be likely to pay significant commissions to premises owners for presubscription contracts. In addition, billed party preference could make operator services much more user friendly for the calling public. In particular, it would allow callers to place their operator services calls without dialing access codes, while ensuring that the party paying for each call -- as opposed to the payphone or premises owner -- would determine the operator service provider to carry it.

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Honorable Alan Cranston

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Because of these and other benefits that potentially could be offered by billed party preference, the Commission tentatively concluded in its Notice of Proposed Rulemaking that billed party preference is, in concept, in the public interest. At the same time, the Commission sought detailed information and comment on a comprehensive range of issues relating to this proposal.

The Commission has thus far received extensive comment on the billed party preference proposal. Let me assure you that the Commission will carefully consider all of the ramifications of this important proposal before taking final action on it. We will incorporate your letter and enclosure in the record of this proceeding so that it may be accorded proper consideration by Commission staff. The enclosure to your letter is returned as requested.

Sincerely,



Cheryl A. Tritt
Chief, Common Carrier Bureau

Enclosure

ALAN CRANSTON
CALIFORNIA

United States Senate

WASHINGTON, DC 20510-0501

September 16, 1992

To: Legislative Affairs
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

Inquiry from: M. Brooks Haden
20 Sunnyside Avenue
Suite 223
Mill Valley, California 94941

Re: Please address the concerns raised by Brooks Haden
regarding the Customer Billed Party Preference
proposal.

I forward the attached for your review and consideration.

Your report, in duplicate, along with the return of the
enclosure, will be appreciated. The response should be directed
to the attention of Susan Daly in my Washington office.

Thank you for your attention to this matter.

Sincerely,


Alan Cranston

Enclosure

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HOTELCO

July 8, 1992

The Honorable Alan Cranston
U.S. Senate
Washington, D.C. 20510

Dear Senator Cranston:

I am writing in response to a proposed ruling before the FCC regarding Customer Billed Party Preference. HOTELCO is a Mill Valley, California based company which supplies answer detection equipment and automated calling card and collect calling features to the hospitality industry.

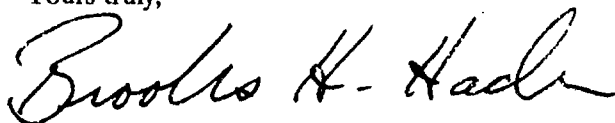
Our equipment is installed nationwide, hence the data that we accumulate from our properties is not based upon any particular geographic anomaly. Based upon verifiable documentation, since the inception of our company in 1990, customers who wish to use the billed party of their choice, are doing it now via 950, 800, or 10XXX access where available. This fact is evidenced by the decreasing usage of our automated calling card and collect call equipment, in preference to "dialing around" the system. Virtually all our properties, from destination resorts to roadside hotels, have experienced a decrease in overall telephone revenue due to the customer's selection of the carrier that they wish to bill and collect their call. We believe that an order forcing the LEC's to mandate Customer Billed Party Preference is not in the best interest of the public at large nor the industry which serves it.

Further regulation by the Federal government is simply overkill and non-productive. Further, this ruling would virtually eliminate an entire industry whose motivation to provide the latest equipment to the lodging industry, and revenues therefrom, would completely disappear. Disappearance of companies such as ours, would cause further unemployment and significant hardship to small businessmen everywhere - the true backbone of our nation's economy.

I urge you to use any influence that you might have on our behalf regarding this proposed meaningless further Federal regulation, given the fact that Customer Billed Party Preference is already taking place, without any regulation.

Thank you for your support on our behalf.

Yours truly,



Brooks H. Haden
Partner